

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6301**

**BILL NUMBER:** HB 1011

**NOTE PREPARED:** Dec 31, 2007

**BILL AMENDED:**

**SUBJECT:** Homestead Circuit Breaker.

**FIRST AUTHOR:** Rep. Orentlicher

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** **X** GENERAL  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides a 1.5% circuit breaker credit to homesteads for 2007 property taxes. The bill makes an appropriation to replace the revenue lost to political subdivisions as a result of the granting of the credit.

**Effective Date:** July 1, 2007 (retroactive).

**Explanation of State Expenditures:** Under this bill, homestead owners would receive a credit against their property tax liability payable in 2007. The net tax, after all other credits, would be capped at 1.5% of gross AV. The amount over 1.5% would be credited to the taxpayer on the tax bill.

Tax bills that have already been issued may be revised to apply the credit. If a taxpayer does not file a claim for refund, then the overpayment would be applied to the tax bill payable in 2008.

After taking all other credits, including the \$300 M rebate, into account, the cost of the credit under this proposal is estimated at \$90.3 M. This credit would be funded from the state General Fund. Payments to counties would be made in FY 2008 and/or FY 2009, depending on the distribution schedule determined by the Property Tax Replacement Board.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The credit under this bill would be in lieu of any local circuit breaker

credit available under current law. Lake County was the only county with these credits in 2007. According to the auditor's abstract, the credit in Lake County resulted in a revenue reduction of \$15.8 M for the civil taxing units and school corporations in the county. This credit would be reversed under the bill and the revenue distributed to the affected taxing units.

**State Agencies Affected:** Property Tax Replacement Fund Board; Department of Local Government Finance.

**Local Agencies Affected:** School corporations and civil taxing units in Lake County; County auditors.

**Information Sources:** LSA parcel-level property tax database; Lake County auditor's abstract.

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